



29 November 1948.

The Director
The Bureau of the Budget
Washington 25, D.C.

Attention: Mr. Elmer Staats.

Dear Sir:

Reference is made to your letter of 23 November 1948, requesting comments on a proposed bill to increase the rate of compensation of the heads and assistant heads of the Executive Departments, prepared by Senator Flanders' subcommittee of the Senate Committee on Post Office and Civil Service.

Mr. Sidney W. Souers, Executive Secretary of the National Security Council, in his letter to you on this subject dated today, has stated that our comments on this proposal would be transmitted separately from those of the National Security Council. His letter suggests that the salary of the Director of Central Intelligence should be set at \$18,000 per year under the proposed bill. I concur in this suggestion, which is based on Section 102(a) of the National Security Act of 1947, (Public Law 253, 80th Congress), establishing the present rate of compensation of the Director of Central Intelligence at \$14,000 per year.

As no salary has been established for the Deputy Director of Central Intelligence, it could appropriately be set at \$16,500.

Although the National Security Act of 1947 places the Central Intelligence Agency under the direction of the National Security Council, the Agency is, in fact, always considered as an independent agency of the Government, with its own budget and administrative authority. Its position under the National Security Council was dictated, in part, "in order that the Council, in its deliberations and advice to the President, may have available adequate information. ..." (House Report No. 961.) It was the intent of the Congress that the Director be responsible to the Council for the coordination of the foreign intelligence activities of the Government, including the foreign intelligence activities of those departments represented on the Council, in the interests of the national security.

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In effect, therefore, the Central Intelligence Agency is an independent executive agency, to which the National Security Council shall look for foreign intelligence in performing the functions assigned to it by the National Security Act of 1947.

Sincerely yours,

SIGNED

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R. H. HILLENKOETTER
REAR ADMIRAL, USN
DIRECTOR OF CENTRAL INTELLIGENCE

*Hand-processed
by Mr. Pforzheimer
11/20/48*